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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/828,446	04/05/2001	Von E. Fagan	108298612US	6899

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PERKINS COIE LLP
PATENT-SEA
P.O. BOX 1247
SEATTLE, WA 98111-1247

EXAMINER	
RUHL, DENNIS WILLIAM	
ART UNIT	**PAPER NUMBER**
3629	

DATE MAILED: 01/26/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/828,446	FAGAN, VON E.	
	Examiner	Art Unit	
	Dennis Ruhl	3629	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☐ Responsive to communication(s) filed on _____.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) 1-33 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) 1-33 is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

1. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 1-29 are rejected under 35 USC 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two prong test of:

1. Whether the invention is within the technological arts; and
2. Whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere idea in the abstract (i.e. abstract ideas, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e. physical sciences as opposed to social sciences for example), and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, use or advance the technological arts.

In the present case, the claims only recite an abstract idea. The claims do not require or recite the use of any kind of technology and are not considered as being within the technological arts. The claims only recite an idea of how to go about providing or leasing computer equipment. Abstract ideas are considered non-statutory under 35 USC 101.

3. Claims 30,31 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. For claims 30,31, the claims are directed to non-statutory subject matter because the scope of the claims includes a computer readable medium that is intangible, such in the form of a carrier wave. Claims 30 and 31 are not limited to a tangible structure (disk drive, cd, etc.) and is considered to be non-statutory.

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5. Claims 4-6,9-16,19-22,26,30,31, are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

For claim 4, at line 2 the language "the component" seems to contradict the language of claim 3 that recites "at least one" when referring to the components. Does the scope include at least one or only one component? This is not clear. Who is the "other customer"? No other customer has previously been recited so it is not clear whom this refers to in the method. If the computer equipment is leased to the recited "another customer" how can it be recited that the equipment is then provided to "the other customer"? Should this be "said another customer"? Are there 3 customers in the scope of this claim, the customer of claim 1, the "other customer", and the "another customer", or are these possibly supposed to be only two customers? Line 2 of the claim recites the indicating of the purchase of the component from the vendor so why

then is it recited that the vendor is still being paid ("continuing to pay the vendor the periodic vendor payment"). If the item has been purchased there is nothing left to pay the vendor for. The scope of this claim is considered be indefinite.

For claim 5, there is no antecedent basis for "at least one of the components" because none has previously been recited. What does this refer to? Is this the computer equipment of claim 1? Line 3 recites, "the component". This directly contradicts the term "at least one". How many components are being claimed? The claim also has a recitation of the "computer component", which has no antecedent basis. Is this a reference to the computer equipment, or the at least one component or the component? This is not clear.

For claims 6,11,15,16,19,20,21, how many components are being claimed? "At least one" or only one ("the component")?

For claims 9,10, there is no antecedent basis for "the components" (cl. 9) or "the computer components" (cl. 10). None have previously been recited and it is not clear what this refers to.

For claims 22,26, if you have only one payment, which is within the scope of the language "at least one periodic payment" how can it be considered periodic. The term "periodic" must be more than one; otherwise, it is not periodic by definition. Is one payment in the scope of this claim or more than one as the term periodic requires? This is not clear.

For claims 30,31, it is not clear whether this claim is an article claim directed to a computer medium of some kind, or if this claim is a method claim directed to a method

for tracking leasing information. The way the claim is written makes this unclear. It is not known what statutory class of invention this claim falls into, so the scope of the claim cannot be determined.

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless –
>
> (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

7. Claims 22,23,25,26, are rejected under 35 U.S.C. 102(a) as being anticipated by "Polytechnic University, Notebook Computer Lease Agreement, Fall 2000 ".

For claims 22,23,25, Polytechnic discloses a method of leasing computer equipment to a customer. The customer is the student the computer is being leased to. Polytechnic discloses payment options that include at least one periodic payment. The leasing entity is the school. Applicant is referred to the "Refund Upon Premature Departure" portion of the lease. This portion discloses that the student may terminate the lease if they must leave school for some reason.

For claim 26, see payment option C. The payment is to be paid by 8/11/00, which is before the beginning of the fall semester.

8. Claims 32,33, are rejected under 35 U.S.C. 102(b) as being anticipated by Harman et al. (5013897).

For claims 32,33, Harmon discloses a rental tracking system that tracks the identity of a rented item and records a rental payment. The system also records the return of a rented item. Harmon discloses a system that is fully capable of being used to track computer equipment as claimed. The language "capable of" in the claims only means that the prior art must be capable of doing what is claimed, which Harmon is fully capable of.

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

DR 1/24/05

10. Claims 1-20,24,27,29, are rejected under 35 U.S.C. 103(a) as being unpatentable over "Polytechnic University, Notebook Computer Lease Agreement, Fall 2000 ".

For claims 1,16,19,20,27,29, Polytechnic discloses a method of providing computer equipment to a customer. The customer is the student the computer is being leased to. The step of receiving an indication of an available piece of computer equipment is considered to be the receipt of the lease agreement by the student and admission to the school. This is an indication that a computer is available to the student. Applicant is referred to the "Refund Upon Premature Departure" portion of the

lease. This portion discloses that the student may terminate the lease if they must leave school for some reason. The document discloses that the computer is owned by the school until such a point in time that the student graduates, so if a student pays the $4000 in payment option C, and leaves school early, this is considered to be termination of the lease. The lease continues until the student graduates, then the student may purchase the computer for $1. Not disclosed is that a database is updated to reflect the lease to the student and that the database is updated to reflect return of the computer (in the case where the student terminates the lease early). It would have been obvious to one of ordinary skill in the art at the time the invention was made to create a database of some kind to keep track of all the students and the computers that have been leased to the students and to keep track of returned computers. This is simply the act of record keeping, which is very obvious to one of ordinary skill in the art. With respect to the "computer system" recited in the preamble, this is taken as the intended use of the method and is not taken as a positive recitation of a computer. Applicant should expect an obviousness rejection if the claims were amended to include a computer because the use of computers for record keeping is old, well known and obvious to one of ordinary skill in the art.

For claims 2,18, in the event a student (first student) was to leave school early and returned the computer prior to departure, it would have been obvious to one of ordinary skill in the art at the time the invention was made to lease the computer to another student that would take the open spot just vacated by the first student.

Students leave school all the time and are replaced by new students all the time so releasing the computer to a 2nd student is obvious.

For claims 3,5,6,11,15,16,19,20,27,29, not disclosed is that computer components (at least one component of the computer equipment) are leased from a vendor as claimed. For claim 27, the school is considered to be the claimed component assembler. The Polytechnic document does not disclose how the school has obtained the computers that are being leased to the students. (The computer inherently has components installed as recited in claim 11). Two possible choices of how the school obtained the computers are that the school purchased the computers or leased the computers. It is old and well known in the art that leasing is an attractive alternative to the outright purchasing of a given product. Leasing has many recognized incentives that are well know in the art of leasing (art of financing). Some entities (company, organization, person) may not have the money available for an outright purchase of an item and leasing is a way for the entity to obtain the item without having to purchase it. Leasing allows the money that would have to be spent to purchase the item to be spent on other things. This is a way to retain capital expenditures that would otherwise be used for the purchase of the item. Leasing also may have tax incentives and accounting incentives for an entity because the leasing expenses may be included on balance sheets as operating expenses and not capital expenditures, which has the affect of making the bottom line look better. Taxes could be less overall by leasing as opposed to purchasing depending on tax laws. Leasing also allows a company to have lower debts "on the books" because the leased items are not purchased, so no

financing is needed (loans) because there is no purchase occurring. The examiner takes the position that leasing is a well known, widely recognized way for an entity to obtain particular items, with the rationale for leasing being the financial incentives it affords (tax incentives, balance sheet incentives, lessens debt, etc.). It would have been obvious to one of ordinary skill in the art at the time the invention was made for Polytechnic to lease the computers from a vendor so that the school could take advantage of the financial incentives discussed above. With respect to having multiple payments over a period of time, with each payment being the total cost divided by the number of payments, and an interest rate (which could be zero) is considered obvious and is how leases are structured. A lessee makes periodic payments over the period of time the item is leased. Consider the following. Instead of the school spending a large sum of money to purchase the computers at one time, the school would themselves lease the computers over a particular time period and then sublease them to the students. Leasing and subleasing of items is old and well known in the art. By using leasing the school does not have the spend a large amount of money for all of the computers at one time (in one fiscal reporting period) and can spread the cost over a period of time. When the last payment is made, this is a step of indicating the purchase of the equipment. The last payment is the amount needed to pay off the lease and take ownership of the equipment.

Additionally for claims 3,4, following the obviousness rationale set forth for claim 1 (the use of a database for leasing information), it follows that the database would also

be used to track lease payments to the vendor as claimed and would be updated to indicate purchase of the computer (paid in full) when the lease period ends.

For claims 7,8, not disclosed is that the database is updated to reflect payments as recited in claim 7. It would have been obvious to one of ordinary skill in the art at the time the invention was made to record in the database the payments received. This is what is called "Accounts receivable" in accounting and is very well known and obvious.

For claims 8,24, not disclose is that each payment is less than the previous payment. It would have been obvious to one of ordinary skill in the art at the time the invention was made to structure the payments so that each payment was smaller than the previous payment so that the school could get more money earlier in the term of the lease, rather than getting it at even increments. The examiner takes notice that the final result will be the same no matter how the payments are structured, namely that the balance will be paid off.

For claim 9, not disclosed is that the computers are refurbished after being returned and that one is transmitted to another customer. The claimed "refurbishing" is broad claim language and can be interpreted to mean any kind of upgrading of software or even physical cleaning of the computer itself. It would have been obvious to one of ordinary skill in the art at the time the invention was made to refurbish the computers that are returned so that when one is leased to a new student it will be in good working order and is a clean condition. Transmission of the computer is considered obvious as has already been addressed by the examiner in the case where a 1st student leaves school early and the computer is leased to a 2nd student.

For claim 10, the examiner considers the indicating of a payment of an interest fee to be the payment of the $1 at the end of the lease and after student graduation. The $1 is a fee and can be considered an interest fee as claimed. Alternatively, it would have been obvious to one of ordinary skill in the art to charge the school an interest fee when the school leases the computers, as is well known in the art. Leases commonly have interest fees built into the lease.

For claims 12,13,19, in the event a student (first student) was to leave school early and returned the computer prior to departure, it would have been obvious to one of ordinary skill in the art at the time the invention was made to lease the computer to another student that would take the open spot just vacated by the first student. Students leave school all the time and are replaced by new students all the time so releasing the computer is obvious.

For claims 14,19,20, when a student leaves school early and terminates the lease early, when the student is using payments options A or B, the student will cease making payments as claimed. With respect to the limitation of "ceasing to pay the vendor for the computer component", at some point the school will cease payments as claimed.

For claim 17, the examiner considers claimed "total amount" to a first lease payment. The 103 rejection set forth by the examiner results in a database being updated to reflect lease payments and after an initial payment is made (the total amount of the first payment) continued payments will be made as claimed.

For claims 21,28, the time period when a first student (customer) is leasing the computer is a time period when the computer is not sold to the second customer. During this time period, the time between the payments made by the school to the vendor is considered to be "ceasing to pay the vendor". The payments are not something that is happening all the time at every second of the day. The payments are a periodic thing (usually monthly). The act of not sending a payment on a given day satisfies the claim language.

11. Claims 30,31, are rejected under 35 U.S.C. 103(a) as being unpatentable over "Polytechnic University, Notebook Computer Lease Agreement, Fall 2000" in view of Harman et al. (5013897).

For claim 30 (as it is best understood by the examiner), Polytechnic discloses the leasing of computer equipment as has already been addressed in this office action. The student can terminate the lease after an arbitrary period as set forth in the document. Not disclosed in Polytechnic is the tracking of the computer equipment and payments as claimed by a computer program (computer readable medium). Harman discloses a renting system where the system is computerized and tracks all the rentals and the relevant information for the rentals. It would have been obvious to one of ordinary skill in the art at the time the invention was made to track the leasing of the computers and lease payments with a computer system as claimed. The use of computers to manage information and track financial matters is old and well known. The tracking of lease

information by a computer is not novel. Once the student leaves school, the lease payments are not tracked anymore because there are no more lease payments to be made because the student has left school.

For claim 31, not disclosed is that lease payments made to a vendor are tracked. The Polytechnic document does not disclose how the school has obtained the computers that are being leased to the students. Two possible choices of how the school obtained the computers are that the school purchased the computers or leased the computers. It is old and well known in the art that leasing is an attractive alternative to the outright purchasing of a given product. Leasing has many recognized incentives that are well know in the art of leasing (art of financing). Some entities (company, organization, person) may not have the money available for an outright purchase of an item and leasing is a way for the entity to obtain the item without having to purchase it. Leasing allows the money that would have to be spent to purchase the item to be spent on other things. This is a way to retain capital expenditures that would otherwise be used for the purchase of the item. Leasing also may have tax incentives and accounting incentives for an entity because the leasing expenses may be included on balance sheets as operating expenses and not capital expenditures, which has the affect of making the bottom line look better. Taxes could be less overall by leasing as opposed to purchasing depending on tax laws. Leasing also allows a company to have lower debts "on the books" because the leased items are not purchased, so no financing is needed (loans) because there is no purchase occurring. The examiner takes the position that leasing is a well known, widely recognized way for an entity to

obtain particular items, with the rationale for leasing being the financial incentives it affords (tax incentives, balance sheet incentives, lessens debt, etc.). It would have been obvious to one of ordinary skill in the art at the time the invention was made for Polytechnic to lease the computers from a vendor so that the school could take advantage of the financial incentives discussed above. Consider the following. Instead of the school spending a large sum of money to purchase the computers at one time, the school would themselves lease the computers over a particular time period and then sublease them to the students. Leasing and subleasing of items is old and well known in the art. By using leasing the school does not have the spend a large amount of money for all of the computers at one time (in one fiscal reporting period) and can spread the cost over a period of time.

12. Claims 21,28 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Polytechnic University, Notebook Computer Lease Agreement, Fall 2000" in view of "Keeping a Roof Overhead" (8-1994).

Polytechnic does not disclose that the school is not making a payment to the vendor during a time period that the computer is not being leased or is not sold to a student. "Keeping a Roof Overhead" discloses that some people may come on hard times and that some lenders of mortgages allow a customer to skip a payment if their financial situation is not optimal. This is a widely recognized clause that may be included into financial contracts (the skip a payment or miss a payment feature). The act of allowing a person to miss a payment or skip a payment is disclosed by "Keeping a Roof Overhead". It would have been obvious to one of ordinary skill in the art at the

time the invention was made to allow the University to skip a payment for the leased computers as this is a well known service provided to customers engaged in financial contracts. If the situation came up where a student left school early and did not make a further lease payment and the school could not lease the computer to another student at the present time, it would have been obvious to have the school skip a payment so that they are not losing money on the leased computer.

13. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Ananda (5638513), Lowenstein et al. (2005/0010517), Shah (WO 88/06771), Benson (6334118), UTLX "Sales and Services" (www.utlx.com), "Determinants of Corporate Leasing Policy", Journal of Finance, July 1985, Executive Summary, "Competitive Optimal On-Line Leasing", El-Yaniv et al., "The Science of Securing Office Space", March 2000 Smart Start (www.internet-law-firm.com), are considered relevant to the claimed and disclosed invention.

14. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dennis Ruhl whose telephone number is 703-308-2262. The examiner can normally be reached on Monday through Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on 703-308-2702. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

DENNIS RUHL
PRIMARY EXAMINER